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S E C R E T STATE 028283

E.O. 12958: DECL: 03/24/2034 TAGS: <u>PARM MTCRE PREL IR TU KS</u>

SUBJECT: (S) ALERTING THE ROK TO EFFORTS BY A TURKISH INTERMEDIARY TO SUPPLY SOUTH KOREAN MACHINE TOOLS TO IRAN

Classified By: ISN/MTR DIRECTOR PAM DURHAM REASONS 1.4 (B), (C) AND (D).

- $\P 1$. (U) This is an action request. Embassy Seoul, please see paragraph 3.
- 12. (S) Background/Purpose/Objective: The United States has information that in late 2008 and early 2009, the Turkey-based intermediary Ak Makina was working to supply Iran's Ardalan Machineries Company with a variety of computer numerically controlled (CNC) machine tools produced by the South Korea firm Hyundai-Kia. Ardalan Machineries is associated with Iran's liquid propellant ballistic missile developer Shahid Hemmat Industrial Group (SHIG). Although not controlled by any of the multilateral export control regimes, each of the machine tools sought by Ardalan Machineries is highly-capable and could be used by SHIG to support its production of liquid rocket engine components. We want to alert South Korean authorities to this activity and emphasize that we believe Ardalan Machineries is acting as a false end-user in its dealings with Ak Makina to circumvent South Korea's export controls. We also want to urge the ROK to investigate this activity and use all available measures to prevent missile-related e ntities in Iran from procuring South Korean-origin machine tools through intermediaries in Turkey.
- 13. (S) Action Request: Request Embassy Seoul approach appropriate host government authorities to deliver talking points/non-paper in paragraph 4 below and report response. Talking points also may be provided as a non-paper.
- 14. (S) Begin talking points/non-paper:

(SECRET REL SOUTH KOREA)

- -- We would like to alert you to information of potential proliferation concern and request your assistance in investigating this activity.
- -- The United States has information that in late 2008 and early 2009, the Turkey-based intermediary Ak Makina was working to supply Iran's Ardalan Machineries Company with a variety of South Korean-origin computer numerically controlled (CNC) machine tools.
- -- Ardalan Machineries is associated with Iran's liquid propellant ballistic missile developer Shahid Hemmat Industrial Group (SHIG) and is acting as a false end-user in its dealings with Ak Makina to circumvent your export controls.
- -- Specifically, our information indicates that since December 2008, Ardalan Machineries Company has worked with Ak Makina to procure the following machines from South Korea's Hyundai-Kia: models SKT21L, SKT21, SKT160AS, SKT160C, SKT250LM, SKT200M, and SKT400LMC CNC slant bed lathes and a model KB100 horizontal boring and milling machine.
- -- Although not controlled by any of the multilateral export control regimes, each of these machine tools is highly-capable and could be used by SHIG to support its production of liquid rocket engine components.

- -- We hope this information is useful in supporting your export control efforts to prevent missile entities in Iran from procuring South Korean-origin machine tools.
- -- We look forward to continued cooperation on nonproliferation issues and would appreciate hearing of the actions you take in response to this information at the earliest possible time.

End talking points/non-paper

- $\underline{\ }$ 5. (U) Washington POC is ISN/MTR James Mayes (Phone: 202-647-3185). Please slug any reporting on this issue for ISN/MTR.
- $\P 6$. (U) A word version file of this document will be posted at www.state.sgov.gov/demarche. CLINTON

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End Cable Text